



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1266

DATE: July 24, 2013

TO: Iowa Medicaid Hospital, Physicians, Dentists, Podiatrists, Optometrists, Opticians, Pharmacy, Home Health Agency, Independent Lab, Ambulance, Medical Supply Dealers, Clinics, Rural Health Clinics, Chiropractors, Audiologists, Skilled Nursing Facilities, Rehab Agency, Intermediate Care Facilities, Community Mental Health Center, Mental Hospitals, Community Based ICF/MR, Psychologists, Hearing Aid Dealers, Orthopedic Shoe Dealers, Ambulatory Surgical Center, Certified Registered Nurse Anesthetists, Hospice, Clinical Social Workers, Federal Qualified Health Centers, Nursing Facility-Mental ILL and Advance Registered Nurse Practitioner Providers

FROM: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Proper Claim Submission for Medicare Psychiatric (psych) Reduction Copayments

EFFECTIVE: Upon Receipt

This letter is to clarify submission expectations for psych reductions on Medicare Crossovers. All providers enrolled with Iowa Medicaid are required to use the IME Medicare Crossover Claim Forms, [470-4707](#) and [470-4708](#), located at <http://www.ime.state.ia.us/Providers/ClaimsPage.html>, and attach a copy of the Medicare Explanation of Benefits (EOB) when it is necessary to send a paper crossover to the IME.

The use of the “psych reduction” field to enter “write off” or contractual obligation reduction amounts for non-psych related services is not allowed (the “write off” amount is the difference between the billed amount and the Medicare fee schedule amount for the service in question). The “psych reduction” field should only be used for psych related services that have a PR-122 reason code on the Medicare EOB. The IME only reimburses the co-insurance, deductible and/or psych reduction amounts on crossover claims as these are the patient’s responsibility. Medicaid does **not** reimburse for payment reductions due to contractual obligations.

The IME Program Integrity Unit reviews the psych reduction field on paper claim submissions and will make an adjustment to services where the PR-122 is not shown on the EOB or the services billed are clearly not psych services.

The IME appreciates your continued partnership as we work to improve the claim processing service quality and accuracy. If you have any questions please contact the IME Provider Services Unit at 1-800-338-7909, locally in Des Moines at 515-256-4609 or email at imeproviderservices@dhs.state.ia.us.